

Health Insurance for Indiana Families Committee

Recommendations from the
2000-2001 HIIF Committee

January 8, 2003

Background:

- Established March, 2000.
 - Charge: Investigate strategies for extending health care coverage to uninsured Indiana citizens. Develop short-term and long-term policy options.
 - Committee members represented the interest and concern of many groups, including the uninsured, small businesses, insurers, medical educators, state officials, and health care providers.
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Background:

- The work of the Committee built on earlier efforts to find practical methods to extend health care coverage to uninsured Indiana citizens. This includes the work done by the Indiana Commission on Health Care for the Working Poor and the Governor's Advisory Panel for Children's Health Insurance.
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Background:_(continued)

Subcommittees:

1. Medicaid Expansion & Other Public Coverage. (Medicaid, CHIP, State-funded programs)
 2. Other Public Program Options
(“Bare Bone” insurance; vouchers; expansions of safety net)
 3. Tax Credits
(Tax credits to individuals, tax credits to employers)
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Background: (continued)

Subcommittees: (continued)

4. Premium Subsidies & Employer Buy-in

(Premium assistance subsidized buy-in to state employee insurance plan)

5. Insurance Purchasing Cooperatives

6. Health Insurance Reform

(rating practices, coverage denials, high risk insurance)



HIIF Committee Final Recommendations

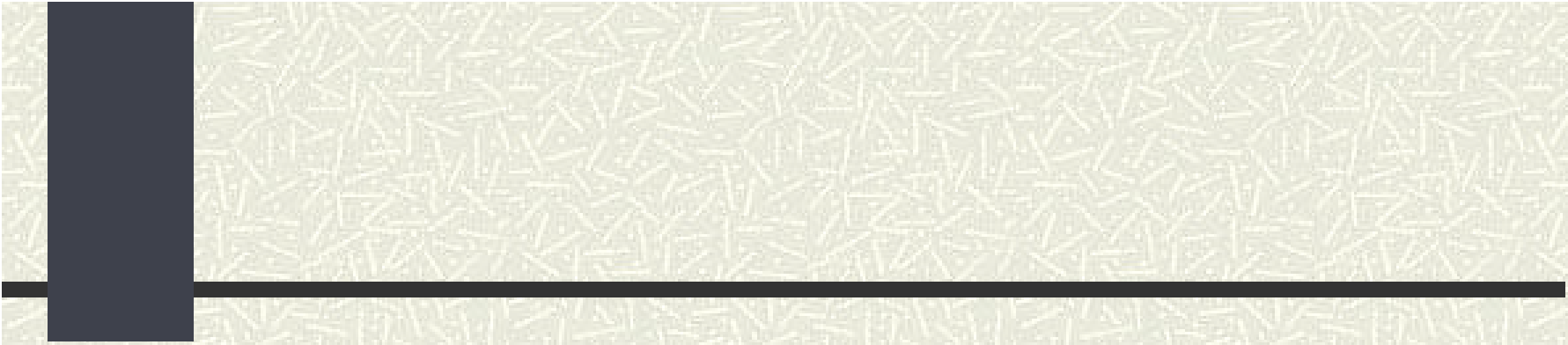


HIIF Committee Recommendation


The Committee recommends that the State extend coverage to low-income parents of Medicaid children by obtaining waivers under Section 1115 of the State Children's Health Insurance Program (SCHIP) and/or the Medicaid program.

HIIF Committee Recommendation

The Committee recommends that the State aggressively seek federal Health Resources and Services Administration (HRSA) funding to shore up and expand Indiana's safety net.



Options Requiring Further Investigation for Possible Long- Term Consideration



Vouchers (Individual-Based)

- The Subcommittee recommends this option be maintained as a long-term solution, but not considered in the short-term.
 - This conclusion was made primarily due to the lack of a viable funding source beyond the state's general fund. If state revenues, or other funds, become available, this option should be considered in the future. The Subcommittee considered utilizing funds from Indiana's portion of the tobacco settlement. However, the finite nature of those funds would mean increasing the state's obligation in the future – either by replacing settlement funds or dismantling an existing program.
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Vouchers (Employer-Based)

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 - This conclusion was made primarily due to the lack of a viable funding source beyond the state's general fund. If state revenues, or other funds, become available, this option should be considered in the future. The Subcommittee considered utilizing funds from Indiana's portion of the tobacco settlement. However, the finite nature of those funds would mean increasing the state's obligation in the future – either by replacing settlement funds or dismantling an existing program.
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Premium Assistance Through CHIP

- The Subcommittee recommends this option be maintained as a long-term solution, but not considered in the short-term.
 - Compliance with Health Care Financing Administration's (HCFA) guidelines may be difficult and would require significant resources (mainly in staff time to determine if the program components satisfy the requirements). Additionally, a waiver to use CHIP funds to cover adult populations would take a significant period of time to be approved.
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Premium Assistance Through Health Insurance Premium Payments (HIPP)

- The Subcommittee recommends this option be considered as a long-term solution only if Medicaid eligibility for adults is increased. Otherwise, it is likely that very few families will be eligible, and therefore, it will not be cost-effective.
 - This option would maximize Medicaid funds by leveraging employer contributions to family health coverage. Under this option, the entire family is covered under same plan. This will avoid stigma associated with public assistance programs. Unfortunately, the cost of subsidizing employer-sponsored coverage cannot exceed cost of enrolling family in Medicaid. Because of the above condition, HIPP is generally more successful for individuals with high medical service needs. The option would have to provide wrap-around services if employer-sponsored coverage is not as comprehensive as Medicaid. This option does not assist families whose employers do not offer coverage.
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Buy-In to State Employee Plan

- The Subcommittee recommends that this option be considered in the long-term. Additional research needs to be conducted regarding the complications that ERISA may pose for the State employee plan.
 - Administrative structure is already in place, although it would have to be expanded to handle more covered individuals. This option can use the bargaining power of the State employee plan to control costs and ensure access to services. Potential for crowd-out and adverse selection, which would lead to increases in State employee premiums. Inadequate provider supply is already an issue for members of the State employee plans who reside outside of urban areas.
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Expand Safety Net Provider Availability

- The Subcommittee recommends further review of this option. In addition, the further review should include assessment of current provider network laws and the insurance laws that affect inclusion and payment of providers under various types of insurance products. Details in these areas must be obtained before viability is determined.
 - All health plans/insurers would be required to include safety net providers. All safety net providers would be reimbursed for an average of like services by other providers. This option acts as expansion of safety net funding so that safety net providers can reach out to more individuals. This option could also be an administrative burden.
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Incentive for Employer-Provided Health Insurance Coverage

- The Subcommittee recommends this for immediate further study to determine if this is part of a long-term solution.
 - Because this would not be a mandate, it would be more acceptable to employers and the insurance industry. This option would make it difficult to find incentives that actually incentivize. Redeeming incentives could be administratively cumbersome.
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Incentive for Employees to Enroll in Employer-Offered Health Insurance


- The Subcommittee recommends this for immediate further study to determine if this is part of a long-term solution.
 - This option would help to reduce the number of uninsured. Unfortunately, it will be difficult to find incentives that actually incentivize and could be an administrative burden.
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Secure and Expand Funding for Indiana Comprehensive Health Insurance Association (ICHIA)

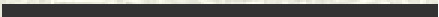
- The Subcommittee recommends that the state work closely with ICHIA to stabilize funding and explore this option to its full potential as a long-term option for the high-risk uninsured.
 - ICHIA could choose to offer a wider range of individual and group products with a wider range of premium levels therefore increasing accessibility to uninsured individuals. There are administrative system already in place. Unfortunately, there is difficulty in finding ways to expand funding. There is potential ERISA limitations on certain entities participating in funding.
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Develop A Primary Access Plan/Insurance Product

- The Subcommittee recommends that this option be considered as a long-term option. It should be studied further with the insurance industry, safety net providers, employers, employees, and the marketplace.
 - The state would develop a limited benefit plan that would be available to certain employers and employees. This insurance product would include doctors' office benefits and prescription benefits, but not hospital benefits. All safety net providers would be included in the plan.
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Non-Viable Options That Were Removed From Consideration



Eliminated Options:

- Tax Credits to Employers
 - Health Purchasing Cooperatives for Small Employers
 - Health Purchasing Cooperatives for Individuals
 - Community-Level Purchasing Collectives
 - Mandate Insurance Product Benefit Level
 - Mandate Employees' Acceptance of Employer-Provided Health Insurance Coverage
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